

# Year-end report 2018

## Comments by the CEO

2018 was a year of transformation for Transcom, creating a solid foundation to continue building upon. We launched an agile client-centric organization and made significant advancements towards a new, standardized way of working. We defined new delivery models and rolled out portfolio enhancements and new value propositions. With the revision of our North American strategy, we went from brick and mortar sites to a work-at-home model. By centralizing corporate functions and setting up global centers of excellence to support our people, we could increase productivity while reducing costs. Our new digital recruitment process was rolled out across Europe and the Philippines, increasing both the number of applicants and the hit rate while reducing attrition. We refined our commercial approach to broaden our industry sector footprint, increase both our engagement with existing clients and the number of new clients. We also unveiled a new brand identity and digital presence to support client and talent attraction.

During the third quarter, we successfully completed two transactions; an asset transfer agreement to take over a partner site in Durrës, Albania, and the acquisition of Awesome OS, a customer experience specialist providing services to fast-growing US e-commerce clients from Davao, Philippines. Both transactions have delivered above expectations.

During the fourth quarter of 2018, we saw healthy growth in our sales pipeline as a result of the ongoing refinement of our commercial approach. We continued our efforts implementing strategic tools to support our sales force and Client Service Managers, including a digital marketing initiative to generate and nurture leads and increase brand awareness with target audiences. We are foreseeing good growth with existing clients and increasing demand from prospective clients.

The digital value propositions introduced in 2018 are strengthening our objective to be a trusted partner in our clients' digital transformation. One example is a conversational commerce solution for Whatsapp for Business. Whatsapp is considered to be the fastest growing messaging platform in the world. Transcom is one of the first companies to offer the enterprise version, released in Q4 2018. The first deal was closed in November, rolled out in February, and there are more prospects in the pipeline. This is a game-changer within traditional multi- and omni-channel thinking and moves the focus further to the consumer experience. We foresee a continued increase in demand going forward.

We opened two new locations in Novi Sad, Serbia and Zagreb, Croatia. The first clients are in place and we are now ramping up with current and new clients.

Our company-wide project People, Passion, and Performance, has resulted in significant cost reductions, amounting to 19.5M Euro in annualized savings by Q4 2018. The project has not only had positive effects on cost but also triggered a mind-shift towards a smarter, more agile approach to investments and projects throughout the company.

The results from our biannual client satisfaction survey testify to healthy relations to our clients, with customer satisfaction and loyalty score above the industry average. The absolute majority of the respondents agrees or strongly agrees that Transcom is a competitive and differentiated customer care service provider. Competent employees and good client relationship remain to be the top positive sentiments from our clients.

Michael Weinreich  
CEO

# Group financial overview

(€m)	2018 Q4*	2017 Q4	2018 Jan-Dec*	2017 Jan-Dec**
Revenue	143.0	147.3	543.6	428.7
EBITDA	11.5	8.2	4.8	10.6
EBITDA margin	8.1%	5.6%	0.9%	2.5%
EBIT	7.8	4.1	-11.3	-1.4
EBIT margin	5.4%	2.8%	-2.1%	-0.3%
EBITA excl. non-recurring items	13.5	9.6	31.6	22.2
EBITA margin excl. non-recurring items	9.4%	6.5%	5.8%	5.2%
Profit before tax	3.9	-0.0	-30.9	2.6
Net income	6.8	-1.5	-30.1	-0.3
Net debt	207.8	161.8	207.8	161.8

\* 2018 includes the consolidation of Awesome OS Group since July 28, 2018.

\*\* 2017 includes the consolidation of Transcom WorldWide Group since April 1, 2017 and of Xzakt Group since July 1, 2017.

## Q4 2018

### Revenue

Revenue amounted to € 143.0 million in the quarter (147.3).

### EBIT

EBIT amounted to € 7.8 million in the quarter (4.1). EBIT margin was 5.4% (2.8%).

### EBITA excluding non-recurring items

EBITA excluding non-recurring items amounted to € 13.5 million (9.6). EBITA margin excluding non-recurring was 9.4% (6.5%).

### Non-recurring items

Non-recurring items amounted to negative € 3.6 million (-3.4) and consisted of operational non-recurring items for € 3.2 million and transaction-related non-recurring items for € 0.4 million. Non-recurring items were mainly recorded in administrative expenses and cost of sales.

### Net financial items

Net financial items amounted to € -3.9 million (-4.2) and mainly consisted of interest costs.

### Taxes

Taxes in the quarter amounted to positive € 2.8 million (-1.5), affected by deferred tax income from recognition of deferred tax assets related to a temporary difference and unused tax loss.

### Net income

Net income for the quarter was € 6.8 million (-1.5).

### Cash flow

Cash flow was € -3.4 million (-11.0). Operating cash flow amounted to € 3.5 million (6.1) for the quarter. Investing activities was partly impacted by the acquisition of Awesome OS (please refer to note 6). Financing activities decreased with € -4.5 million (-12.9) mainly due to payment of interest.

## January - December 2018

### Revenue

Revenue amounted to € 543.6 million (428.7).

### EBIT

EBIT amounted to € -11.3 million (-1.4). EBIT margin was -2.1% (-0.3%).

### EBITA excluding non-recurring items

EBITA excluding non-recurring items amounted to € 31.6 million (22.2). EBITA margin excluding non-recurring was 5.8% (5.2%).

### Non-recurring items

Non-recurring items amounted to negative € 34.6 million (-17.6) and consisted of operational non-recurring items for € 28.3 million and transaction-related non-recurring items for € 6.3 million. Non-recurring items were mainly recorded in cost of sales and administrative expenses (please refer to note 5).

### Net financial items

Net financial items amounted to € -19.7 million (4.0) and mainly consisted of costs referring to the refinancing of the group and interest costs.

### Taxes

Taxes in the period amounted to positive € 0.9 million (-2.9), affected by deferred tax income from recognition of deferred tax assets related to a temporary difference and unused tax loss.

### Net income

Net income was € -30.1 million (-0.3).

### Cash flow

Cash flow was € -5.2 million (20.1). Operating cash flow amounted to € 2.5 million (13.4) for the whole year. Deviation from the same period last year mainly refers to timing in payments this year and in collections last year. Investing activities for the period amounted to € -41.8 million and were mainly impacted by the acquisition of Awesome OS. In connection with this acquisition the proceeds from borrowings increased. Proceeds from borrowings and repayment of borrowings are also explained by the refinancing that occurred in March.

### Financial position

Net debt increased from € 161.8 million last year to € 207.8 million 2018, mainly due to the refinancing through a five-year € 180 million Senior Secured Fixed Rate Notes as well as a € 45 million Super Senior Revolving Credit Facility Agreement (SSRCF) in March, with loans drawn at € 25.4 million at the end of December. During 2018 the Group also issued an unsecured note of € 10 million under the general basket of Permitted Financial Indebtedness in connection to the acquisition of Awesome OS.

# Other information

## Results conference call

Transcom will host a conference call at 9.00 CET (8.00 BST) on February 20. The conference call will be held in English.

To ensure that you are connected to the conference call, please register using the link below 5-10 minutes before the start in order to obtain the dial-in numbers and pin code for the call.

Online registration link: <http://emea.directeventreg.com/registration/4599508>

## Other information

The interim report has not been reviewed by the company's auditor.

## Notice of financial results

Transcom's Annual Report 2018 will be published on April 25, 2019.

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## Transcom Group - Condensed consolidated income statement

(€ '000)	Not	2018 Q4	2017 Q4	2018 Jan-Dec	2017 Jan-Dec
Revenue	4	143,023	147,254	543,633	428,729
Cost of sales	5	-110,648	-116,827	-451,209	-352,790
<b>Gross profit</b>		<b>32,376</b>	<b>30,427</b>	<b>92,424</b>	<b>75,939</b>
Marketing expenses		-850	-1,136	-3,066	-2,452
Administrative expenses		-22,690	-25,053	-99,032	-74,935
Net gain/loss on disposal of business		-	-77	95	-43
Other operating income/expenses		-1,060	-13	-1,693	118
<b>Operating profit/loss</b>	4, 5	<b>7,776</b>	<b>4,148</b>	<b>-11,273</b>	<b>-1,373</b>
Net financial items		-3,861	-4,151	-19,674	3,985
<b>Profit/loss before tax</b>		<b>3,915</b>	<b>-4</b>	<b>-30,947</b>	<b>2,612</b>
Income tax expense		2,839	-1,504	887	-2,877
<b>Profit/loss for the period attributable to equity holders of the parent</b>		<b>6,754</b>	<b>-1,507</b>	<b>-30,060</b>	<b>-265</b>

## Transcom Group - Condensed consolidated statement of comprehensive income

(€ '000)	2018 Q4	2017 Q4	2018 Jan-Dec	2017 Jan-Dec
Profit/loss for the period attributable to equity holders of the parent	6,754	-1,507	-30,060	-265
<b>Other comprehensive income:</b>				
Exchange differences on translation of foreign operations	897	-3,091	211	-4,546
Net gain/loss on cash flow hedges	1,204	-119	1	1,178
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>2,100</b>	<b>-3,210</b>	<b>212</b>	<b>-3,368</b>
Actuarial profit/loss on post-employment benefit obligations	-40	27	-40	27
Income tax effect	-	-4	-	-4
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>	<b>-40</b>	<b>23</b>	<b>-40</b>	<b>23</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>2,060</b>	<b>-3,187</b>	<b>172</b>	<b>-3,345</b>
<b>Total comprehensive income for the period, net of tax, attributable to equity holders of the parent</b>	<b>8,814</b>	<b>-4,694</b>	<b>-29,887</b>	<b>-3,610</b>

## Transcom Group - Condensed consolidated statement of financial position

(€ '000)	Notes	<b>2018</b> <b>Dec 31</b>	<b>2017</b> <b>Dec 31</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	6	200,386	174,085
Other intangible assets		123,572	96,548
Tangible assets		17,923	14,329
Deferred tax assets		2,416	704
Other receivables		2,163	2,934
		<b>346,460</b>	<b>288,600</b>
<b>Current assets</b>			
Trade receivables		71,123	62,502
Income tax receivables		4,450	5,460
Other receivables		10,839	8,749
Prepaid expenses and accrued income		37,845	40,943
Cash and cash equivalents		12,884	17,249
		<b>137,141</b>	<b>134,903</b>
<b>TOTAL ASSETS</b>		<b>483,600</b>	<b>423,503</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>		<b>106,652</b>	<b>128,004</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	7	216,725	113,535
Employee benefit obligations		2,632	2,584
Provisions	6	18,074	158
Deferred tax liabilities		27,834	24,042
Other liabilities		-	1
		<b>265,265</b>	<b>140,320</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	7	1,285	62,916
Provisions	5, 6	22,514	3,916
Trade payables		23,761	21,593
Income tax payables		2,344	3,642
Other liabilities		21,100	23,186
Accrued expenses and prepaid income		40,678	39,927
		<b>111,683</b>	<b>155,179</b>
<b>Total liabilities</b>		<b>376,948</b>	<b>295,499</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>483,600</b>	<b>423,503</b>

## Transcom Group - Condensed consolidated statement of changes in equity

(€ '000)	Notes	Equity attributable to equity holders of the parent				Total equity
		Total number of shares ('000)	Share capital	Share premium reserve	Other reserves and Retained earnings	
<b>Balance, Jan 1, 2017</b>		<b>7</b>	<b>7</b>	<b>-</b>	<b>33,865</b>	<b>33,872</b>
Profit/loss for the period		-	-	-	-265	-265
Other comprehensive income, net of tax		-	-	-	-3,345	-3,345
Shareholder contribution		1,938	-	-	77,241	77,241
New issue of shares		-	1	20,501	-	20,502
Share split		9,994	-	-	-	-
<b>Balance, Dec 31, 2017</b>		<b>11,939</b>	<b>8</b>	<b>20,501</b>	<b>107,495</b>	<b>128,004</b>
Profit/loss for the period		-	-	-	-30,060	-30,060
Other comprehensive income, net of tax		-	-	-	172	172
Shareholder contribution	6	-	-	-	8,535	8,535
<b>Balance, Dec 31, 2018</b>		<b>11,939</b>	<b>8</b>	<b>20,501</b>	<b>86,143</b>	<b>106,652</b>

## Transcom Group - Condensed consolidated statement of cash flows

(€ '000)	Notes	2018 Q4	2017 Q4	2018 Jan-Dec	2017 Jan-Dec
<b>Cash flows from operating activities</b>					
Profit/loss before tax		3,915	-4	-30,947	2,612
Adjustments to reconcile profit before tax to net cash:					
Adjustments for non cash items		-2,030	5,773	28,771	14,599
Net financial items		3,861	4,152	19,674	-3,985
Income taxes paid		-1,513	-911	-2,288	-4,577
<b>Cash flows from operating activities before changes in working capital</b>		<b>4,233</b>	<b>9,011</b>	<b>15,211</b>	<b>8,649</b>
Changes in working capital		-774	-2,935	-12,716	4,750
<b>Cash flow from operating activities</b>		<b>3,459</b>	<b>6,076</b>	<b>2,495</b>	<b>13,399</b>
Investments and disposals of tangible assets		-2,027	-1,229	-8,496	-3,807
Investments and disposals of intangible assets		-135	-246	-307	-529
Acquisition of subsidiaries, net of cash acquired	6	-1,046	-3,874	-34,033	-180,994
Disposals of business, net of cash		-	-1	-	-469
Changes in other non-current assets		791	1,028	922	937
Interest received		-	199	126	199
<b>Cash flow from investing activities</b>		<b>-2,416</b>	<b>-4,122</b>	<b>-41,788</b>	<b>-184,662</b>
Proceeds from borrowings	7	2,946	-	275,146	143,335
Repayment of borrowings	7	2,212	-9,167	-237,558	-23,366
Payment of finance lease liabilities		-	-1	-2	-5
Shareholder contribution	6	-	-	8,535	77,241
Interest and other financial costs paid		-9,608	-3,764	-12,049	-5,800
<b>Cash flow from financing activities</b>		<b>-4,450</b>	<b>-12,932</b>	<b>34,072</b>	<b>191,405</b>
<b>Cash flow for the period</b>		<b>-3,408</b>	<b>-10,978</b>	<b>-5,222</b>	<b>20,142</b>
Cash and cash equivalents at beginning of the period		15,888	28,918	17,249	9
Cash flow for the period		-3,408	-10,978	-5,222	20,142
Exchange rate differences in cash and cash		403	-691	856	-2,902
<b>Cash and cash equivalents at end of the period</b>		<b>12,884</b>	<b>17,249</b>	<b>12,884</b>	<b>17,249</b>

### Transcom Holding AB (publ) - Condensed income statement

(€ '000)	Notes	2018 Q4	2017 Q4	2018 Jan-Dec	2017 Jan-Dec
Revenue		978	-	978	-
Cost of sales		-	-	-	-
<b>Gross profit</b>		<b>978</b>	<b>-</b>	<b>978</b>	<b>-</b>
Administrative expenses		-964	-	-4,179	-400
Other operating income/expenses		-	-16	-	-55
<b>Operating profit/loss</b>		<b>14</b>	<b>-16</b>	<b>-3,201</b>	<b>-455</b>
Result from participations in Group companies	10	-	-	56,474	-
Net financial items		-2,160	-2,973	-13,070	-4,725
<b>Profit/loss before tax</b>		<b>-2,146</b>	<b>-2,989</b>	<b>40,203</b>	<b>-5,180</b>
Income tax expense/income		-	-	-	-
<b>Profit/loss for the period*</b>		<b>-2,146</b>	<b>-2,989</b>	<b>40,203</b>	<b>-5,180</b>

\*Profit/loss for the period corresponds with total comprehensive income.

### Transcom Holding AB (publ) - Condensed balance sheet

(€ '000)	Notes	2018 Dec 31	2017 Dec 31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in Group companies		278,919	270,338
Receivables from Group companies		90,959	4,696
		<b>369,878</b>	<b>275,034</b>
<b>Current assets</b>			
Receivables from Group companies		3,062	632
Other receivables		591	601
Cash and cash equivalents		10	280
		<b>3,662</b>	<b>1,513</b>
<b>TOTAL ASSETS</b>		<b>373,540</b>	<b>276,547</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity		8	8
Unrestricted equity		175,165	126,427
		<b>175,173</b>	<b>126,435</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	7	195,222	86,567
		<b>195,222</b>	<b>86,567</b>
<b>Current liabilities</b>			
Interest-bearing liabilities		-	62,913
Liabilities to Group companies		9	-
Other liabilities		3,136	632
		<b>3,145</b>	<b>63,545</b>
<b>Total liabilities</b>		<b>198,367</b>	<b>150,112</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>373,540</b>	<b>276,547</b>

# Notes to the condensed financial statements

The accompanying notes are an integral part of the interim condensed consolidated financial statements. Amounts are in thousands of Euro, unless otherwise stated.

## 1. General

The Group's Parent Company, Transcom Holding AB (publ), is a registered company domiciled in Stockholm, Sweden. The address of the Company's headquarter is Hälsingegatan 40, 15th floor, SE-113 43 Stockholm. The financials for the parent Company are presented for the first time. The parent Company is responsible for corporate management and administration and holding functions.

2017 was the first year for Transcom Holding as a Group. The income statement of Transcom WorldWide Group is consolidated since April 1, 2017 and of Xzakt Group since July 1, 2017. Starting from July 28, 2018, the income statement of Awesome OS Group is consolidated.

## 2. Accounting principles

The interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting. Application of IFRS complies with the accounting principles set out in the Group's annual financial statements as at December 31, 2017 except for the new standards in the following section.

IFRS 9 *Financial Instruments* has not had any significant effect on opening balances, however some effects on the classifications. Loans and trade receivables are still measured at amortized cost under IFRS 9. The Group's hedge relationship is continuous to be qualified for hedge accounting under IFRS 9.

IFRS 15 *Revenue from Contracts with Customers*. The Group has adopted the new standard on the required effective date. The Group has one type of Revenues which are recognized at the time of service delivery to client. The contractual term are normally 1-3 years, however the contractual period according to IFRS 15 might be shorter and correspond to the period covered in the specific volume request from the respective client, which is stipulated in each contract and is normally a shorter period, e.g. between 1-6 months. The new standard has not had any significant effects on the Groups financial reporting.

IFRS 16 *Leases*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard is effective from 1 January 2019 and the new standard will have an impact both on the Group's balance sheet and disclosures in the Group's financial statements. During the year, the Group has reviewed the existing leasing contracts, and will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment and other equipment (e.g. personal computers, printing and photocopying machines) that are considered of low value. The expected effect as per January 1, 2019 is an increase of € 31 million in Assets, Statement of financial position.

## 3. Risk management

The Group's activities expose it to a variety of business and financial risks, market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's risk management and control framework is designed to support the identification, assessment, monitoring, management and control of risks that are significant to the achievement of the Group's business objectives. The condensed consolidated financial statements do not include all risk management information and should be read in conjunction with the Group's annual financial statements as at December 31, 2017. There have been no material changes in risks, the risk management policy and procedures during the period compared to what was presented in the annual financial statements as at December 31, 2017.

## 4. Segment information

	English speaking	Europe	Latin America	Group
2018 Jan-Dec (€ '000)				
Revenue from external customers	176,658	361,336	5,639	543,633
EBITA excl. non-recurring items	16,492	15,652	-581	31,563
Transaction-related amortization				-8,260
Non-recurring items				-34,575
<b>EBIT incl. non-recurring items</b>				<b>-11,273</b>

There is no segmental information to report for 2017.

## 5. Items affecting comparability

(€ '000)	2018 Q4	2017 Q4	2018 Jan-Dec	2017 Jan-Dec
Operational non-recurring items	-3,201	-931	-28,278	-10,339
Transaction-related non-recurring items	-415	-2,427	-6,297	-7,306
<b>Total</b>	<b>-3,617</b>	<b>-3,358</b>	<b>-34,575</b>	<b>-17,644</b>

The table below shows where the items effecting comparability is presented in the Group's income statement.

(€ '000)	2018 Q4	2017 Q4	2018 Jan-Dec	2017 Jan-Dec
Cost of sales	-789	54	-15,958	-5,373
Marketing expenses	-248	-174	-419	-220
Administrative expenses	-1,574	-3,232	-16,711	-12,074
Net gain/loss on disposal of business	-	-77	-	-43
Other operating income/expenses	-1,005	72	-1,487	68
<b>Total</b>	<b>-3,617</b>	<b>-3,358</b>	<b>-34,575</b>	<b>-17,644</b>

The Group has an ongoing dispute in Spain with legal professionals hired as consultants where the social security inspection claims that they should be considered as employees. The relevant Group Company is currently in discussions with the social security inspection. There is a risk that the Group has to pay additional costs of approximately € 8 million in social fees for the hired consultants and penalties. In Q2 2018 a provision of € 8 million was recorded in the capture Cost of Sales relating to this dispute.

## 6. Acquisitions and disposals

On July 27, 2018, the Group acquired Awesome OS, which income statement was consolidated from July 28, 2018.

In March 2017, Transcom Holding AB acquired shares of Transcom WorldWide Group, which income statement was consolidated from April 1, 2017. The acquisition of Xzakt Group have been consolidated from July 1, 2017.

The cash-flow effect and purchase price allocation for the acquisition of Awesome OS in 2018 and of Transcom WorldWide Group and Xzakt Group in 2017 are as follows:

(€ '000)	2018 Jan-Dec**	2017 Jan-Dec
Consideration paid in cash	35,602	201,847
Cash acquired	-1,569	-20,853
<b>Cash flow from acquisitions of subsidiaries, net of cash acquired</b>	<b>34,033</b>	<b>180,994</b>
<b>Value of the shares *</b>	<b>58,262</b>	<b>281,206</b>
Purchase price allocation:		
Acquired net assets	4,564	31,878
Goodwill	25,864	174,811
Customer relationship	35,685	75,847
Brand	-	23,500
Deferred tax liability	-7,851	-24,830
<b>Total</b>	<b>58,262</b>	<b>281,206</b>

\* Includes consideration paid in cash and in shares as well as the revaluation of previously owned shares.

\*\* The purchase price allocation for Awesome OS is preliminary.

In 2018, the value of the shares of € 58,262 thousand includes the consideration paid in cash as well as the provisions for potential post-settlement adjustments (earn-out) for € 22,660 thousand. The sellers have re-invested into Transcom and a shareholder contribution to Transcom Holding AB (publ) of € 8,535 thousand was granted. If Awesome OS would have been consolidated from January 1, 2018 the revenue would amount to € 557 million and profit before tax € -28 million.

## 7. Interest-bearing liabilities

On March 15, 2018, Transcom replaced the previous financing agreement by a € 180,000 thousand Senior Secured Fixed Rate Notes (SSFRN), maturing in March 2023, as well as on the 19th of March a € 45,000 thousand Super Senior Revolving Credit Facility (SSRCF) Agreement with Nordea and Danske Bank both held by the Parent company, maturing in September 2022. Interest rates in the revolving facility are based on LIBOR, STIBOR and EURIBOR plus margins. For the SSRCF the Company is committed to meet certain test conditions. There are share pledges in material companies (€ 279 million) used as security for the financing. A part of the SSRCF is used to cover bank guarantees and cash pool limits. These new facilities replaced the previous facility agreement with Danske Bank of € 85,000 thousand and SEK 1,708,157,500.

In addition in connection with the acquisition of Awesome OS, on July 24, 2018, a Senior Unsecured Fixed Rate Notes (SUFRN) of € 10,000 thousand was issued.

As at December 30, 2018 the loan under the SSRCF amounted to € 25,414 thousand (all non-current) of which € 6,200 thousand is held by the Parent company, excluding usage of cash pool and other local lending.

## 8. Contingent liabilities

As at December 31, 2018, seven Group entities are subject to tax audits. Some of these have resulted in reassessments, while others are still at an early stage and no reassessments have yet been raised. As at December 30, 2018 the provision related to tax audits amounts to € 4,026 thousand (December 31, 2017 € 1,123 thousand), the increase is partly due to a refund of previous tax payments related to a reassessment where the final outcome remains uncertain.

The group has no material contingent liabilities as at December 30, 2018. In addition to the above tax risks, the Group may be subject to other tax claims for which the risk of future economic outflows is currently evaluated to be remote.

## 9. Financial instruments

Classification of the Group's financial assets and liabilities:

(€ '000)	Financial instruments amortized cost	Financial instruments at fair value to the P&L	Derivatives for cashflow hedges	Dec 31, 2018 Carrying amount	Dec 31, 2018 Fair value	Financial instruments amortized cost	Dec 31, 2017 Carrying amount	Dec 31, 2017 Fair value
Total non-current assets	2,163	-	-	2,163	2,163	2,887	2,887	2,887
Total current assets	128,311	-	297	128,608	128,608	126,329	126,329	126,329
<b>Total financial assets</b>	<b>130,474</b>	<b>-</b>	<b>297</b>	<b>130,771</b>	<b>130,771</b>	<b>129,216</b>	<b>129,216</b>	<b>129,216</b>
Total non-current liabilities	216,871	17,929	-	234,799	293,055	113,692	113,692	141,553
Total current liabilities	85,219	6,275	-	91,494	91,559	134,447	134,447	135,254
<b>Total financial liabilities</b>	<b>302,090</b>	<b>24,204</b>	<b>-</b>	<b>326,294</b>	<b>384,614</b>	<b>248,141</b>	<b>248,141</b>	<b>276,807</b>

The fair values of the *Financial instruments at fair value to the P&L* have been estimated using a DCF model. The nominal amount is USD 31,545 thousand. The provision was recorded to the value of € 22,660 thousand as per July 2019, and has been revalued to € 24,204 thousand as per December 2019 (including both fair value revaluation and foreign exchange effect).

## 10. Dividend

On March 8, 2018, the Company received a dividend from one of its subsidiaries of a total amount of € 56,474 thousand.

**11. Significant events**

There are no significant events to report for this quarter.

**12. Events after the reporting period**

On January 7, 2019 the Group announced the appointment of Jonas Dahlberg as Chief Financial Officer, succeeding Leif Mårtensson with effect from 1st of July 2019.

### Alternative performance measures

The purpose of Transcom's alternative performance measurements is to disclose additional information to support a more comprehensive year-on-year comparison and provide an indication of the Group's performance and financial position. These alternative performance measurements defined below are considered to be widely accepted.

EBIT: corresponds to the Operating profit/loss presented in the Condensed Consolidated Income Statement.

EBITA: is defined as Operating profit/loss, adding back the recorded transaction-related amortization.

Non-recurring items: are defined as rare events or activities that are not part of normal business operations, mainly restructuring activities.

EBITA excluding non-recurring items: is calculated by excluding the non-recurring items and the recorded transaction-related amortization from Transcom's Operating profit/loss. The purpose of disclosing Transcom's EBITA excluding non-recurring items is to provide more transparent year-on-year comparison excluding events that are not considered part of Transcom's normal business, such as restructuring cost and net gain or loss from disposed business.

EBITDA: is defined as Operating profit/loss, adding back the recorded depreciation on fixed assets and amortization.

EBITDA excluding non-recurring items: is defined as EBITDA excluding the non-recurring items as defined above.

Net debt: is defined as interest-bearing liabilities and employee benefit obligations less cash and cash equivalents per balance sheet day.

### Other definitions

English speaking segment: services delivered to multinational clients.

Europe segment: services delivered to clients based in Europe.

Latin America segment: services delivered to clients based in Latin America.

### About Transcom

Transcom is a global customer experience specialist, providing customer care, sales, technical support and collections services through our extensive network of contact centers and work-at-home agents. We are 29,000 customer experience specialists at 50 contact centers across 21 countries, delivering services in 33 languages to international brands in various industry verticals.